

In a recent study published for the European Commission in the Innovation and Growth science area (JRC working paper on Corporate R&D and Innovation n. 6/2020) we interviewed 21 small and highly innovative firms (“EU Innovation Champions”) with strong growth ambitions through the development of innovations with high-potential market impact to look at how they absorbed and reacted to the shock caused by the COVID-19 pandemic.

The COVID-19 outbreak presented great challenges, but also opportunities, to SMEs across Europe. Five different paradoxical behaviours (i.e., planning, liquidity, time and velocity, partnership, resources and technology) characterised the European Innovation Champions’ during the peak of the COVID-19 pandemic. We distilled 10 management principles representing key actions and decisions that allowed the European Innovation Champions to manage each paradox.

The strategies implemented by entrepreneurs to react to external shocks are mainly centered around four principles:

- Inclination towards supporting affordable losses: entrepreneurs look for alternatives that can lead to a more significant number of options to implement, instead of trying to secure returns at the current stage.
- Pursuit of strategic alliances: entrepreneurs accentuate the pursuit of new opportunities through new strategic partnerships and stakeholders’ involvement in moderating the level of uncertainty
- Exploitation of contingencies: instead of relying on the organization’s embedded knowledge as a source of competitive advantage, entrepreneurs better rely on exploiting the new contingencies that emerged from unexpected times
- Controlling an unpredictable future: entrepreneurs try to set adequate strategies to manage the possible aspects of the unpredictable future, without investing resources to predict it.